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EXTRAORDINARY

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## MINISTRY OF FOOD AND AGRICULTURE

(Department of Food)

### RESOLUTION

New Delhi, the 4th April, 1960

**No. 49-I/59-SV.**—Being of the opinion that a fresh examination of the cost of production of sugar was necessary, the Government of India, in their Resolution No. 63(13)-T.R./58 dated 20th September 1958, requested the Tariff Commission to conduct an enquiry. The Commission has submitted its report which has been examined by the Government of India. The main recommendations of the Commission and the Government's decisions thereon are indicated in the subsequent paragraphs.

2. The Commission has prepared four separate cost schedules applicable to four regions—the regions being (a) Northern Region comprising the States of Uttar Pradesh, Bihar and Punjab. (b) Bombay State, (c) Madhya Pradesh and Rajasthan and (d) Southern Region comprising the States of Andhra Pradesh, Madras and Mysore. The Commission has clarified that Kerala should be covered by the cost schedule for the Southern Region and Orissa, West Bengal and Assam by the schedule for the Northern Region.

3. The Commission has recommended that in addition to the cost of production derived from the cost schedules with reference to duration of season and rate of recovery of sugar, 12% return on employed capital should be allowed so as to provide sufficient funds for each unit to meet its commitments under bonus and gratuity, interest on borrowed capital and debentures, dividend on preference shares, managing agents' commission and income tax and finally leave a residue to a large majority of the units in all regions to declare reasonable dividends.

4. The Commission has not recommended the grant of any rehabilitation allowance for fixation of ex-factory price, since the Commission has come to the conclusion that such an allowance is not justified for all units in the sugar industry. The Commission has suggested that any unit which requires additional funds for purposes of rehabilitation should seek assistance from the financing institutions.

5. The Government of India have accepted these recommendations of the Commission and have decided to make use of the cost schedules prepared by the Commission to fix the control prices of sugar, where necessary.

6. The Government of India are satisfied that the present control prices in Uttar Pradesh, North Bihar and Punjab do not call for any change. The Government have, however, come to the conclusion that like the factories in North Bihar, the factories in South Bihar also should be subject to price control.

### ORDER

Ordered that a copy of this Resolution be communicated to all concerned and that it be published in the Gazette of India.

B. B. GHOSH, Secy.

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